

THE BAKER-RAULANG COMPANY

CLEVELAND, OHIO



REPORT TO SHAREHOLDERS

FOR YEAR ENDING DECEMBER 31, 1946

THE BAKER-RAULANG COMPANY

Cleveland, Ohio

Board of Directors

E. J. Bartlett

J. W. Moran

Irving C. Bolton

Laurence H. Norton

George S. Case

Robert C. Norton

George B. Folk

E. J. Stahl

Fred R. White, Jr.

Officers

E. J. Bartlett-----**President**

E. J. Stahl-----**Vice President**

D. L. Darnell-----**Vice President**

J. W. Moran-----**Secretary & Treasurer**

E. J. Scovil-----**Asst. Secretary, Asst. Treasurer**

THE BAKER-RAULANG COMPANY

ANNUAL REPORT

Cleveland, Ohio, March 1, 1947.

TO OUR SHAREHOLDERS:

We present herewith the annual report of your Company, including financial statements covering its operations for the year ending December 31, 1946. These statements have been examined by Ernst & Ernst, Certified Public Accountants. Their letter certifying to such examination is a part of this report.

In even thousands of dollars the combined operations of the Company's two Divisions resulted in a Net Sales Volume of \$4,247,000.00 and an Overall Operating Profit of \$562,000.00. The provision made for Federal taxes is \$215,000.00, which results in Net Earnings for the year of \$347,000.00.

The Profit and Loss Statement contained in this report shows the share each Division had in the above Sales Volume and Operating Profit. A brief summary follows showing the progress made by each Division in aligning its operations to the postwar markets. Some comparisons with 1945 figures are given, but the conditions for the two years are so different that comparisons are of doubtful value.

The Industrial Truck Division, with little relative change in products, turned to peace-time production in late 1945, but the volume for that year of \$3,810,000.00 reflected production war contracts to a considerable degree. The 1946 volume of \$3,342,000.00 was composed entirely of peace-time business, which involved manufacturing in jobbing and semi-production lots. Costs and inventories are always increased by building in small quantities. Such production has been particularly difficult during 1946 due to such things as strikes in the plants of important material sources, freight embargoes, etc. A substantial backlog of orders continued throughout the year.

The Commercial Body Division was not so readily reconverted to peace-time business. Its war contracts were largely special, as to classes of products, and the manufacturing problems characteristic of that year delayed full production of other work. The building of complete bodies was not resumed as a major product. Instead only contracts of an interim nature for the fabrication of sheet-metal and fabricated units and parts have been undertaken. The volume of such work totaled \$905,000.00.

As previously reported, plans have been made for building an addition to the factory in which the Body Division is located, transferring the Truck Division to it and devoting all facilities of the Company to the manufacture of a broader line of industrial trucks. With the expectation that it may be practicable to get this program underway before too long the Body Division did not make any long term contract commitments.

During the war years provisions were made for postwar adjustments and contingencies in the amount of \$330,000.00, these in addition to the net earnings reported. During 1946 appropriate adjustments were made against that reserve to the extent of about \$145,000.00. The remainder of about \$185,000.00 has been retained as a contingency reserve in view of the building and moving interruptions to normal business which may result from the proposed realignment of the Company's business. Capital accounts were increased some \$174,000.00 during 1946, principally in machine tools and factory equipment.

The inventory accounts were also increased approximately \$247,000.00, but it will be noted that the higher 1946 costs of labor and materials are more responsible for the increases than are the physical amounts involved. From 1946 operations there has been provided a special reserve against inventories of \$53,000.00 which reserve is being increased monthly from 1947 operations. No early reductions in the costs of labor seem probable, but the reserve noted will serve as protection against downward values in inventories, should they occur.

During the year reviewed your Company paid dividends to its Preferred shareholders in the amount of \$33,077.00, and dividends to Common shareholders in the amount of \$15,649.00, thereby making total dividend payments of \$48,726.00.

In compliance with provisions in the Company's Articles of Incorporation the Directors of your Company set aside in a sinking fund for the purchase of Preferred shares the sum of \$7,922.00. During 1946 your Company purchased and retired 235 shares of its Preferred issue

at a cost of \$22,113.00. Substantially all the sinking fund that had been provided was used and the balance required to retire said shares was taken from the Company's general funds under authorization of your Directors contained in said Articles of Incorporation.

In previous reports mention has been made of the growing interest in all kinds of material handling equipment and particularly industrial trucks. This trend has continued throughout the past year and has been especially marked in the broader use of fork trucks. There is a great interest in such handling cost reductions as is indicated by the reprint of the Company's current advertisement "Handling 180 Tons Per Day," which is attached to this report. The second attached reprint indicates the range of types and sizes included in the BAKER line. Industrial trucks comprise one of the most important groups of material handling equipment, but by no means cover the entire field of material handling machinery.

Your Company has produced fork trucks for the past twenty-five years and has in production or ready to produce an excellent line of such designs in load capacities of from 1000 lbs. to 20,000 lbs. In 1946 a little over one-half of the trucks sold were of the fork types and the balance in such other established types as cranes, various platform trucks, tractors and miscellaneous designs for which there was an active market.

To the extent of its productive capacity your Company has kept well abreast of the changes and developments in its industry, including the development of a popular size gasoline fork truck. It has not seemed practicable to introduce the newer lines or to induct all new developments into the active line so long as those products are in demand and profitable to manufacture. For that reason we have not built gasoline trucks since the war. We are ready to resume such manufacture whenever productive capacity is available.

The prospects for your Company for this year seem somewhat improved over those of a year ago. Orders on hand and definite prospects for business have been continued in satisfactory volume. While some materials are still difficult to obtain the general material situation shows signs of improving. Satisfactory management-labor relations are being maintained. In the event the above factors continue and improve we hope to be able to increase our shipping schedules during 1947.

Costs of labor, materials and overhead are still increasing but less rapidly than a year ago. At that time profits were being squeezed between rising costs and ceiling prices at 1941 levels for all truck products. Since price controls were terminated last July we have been gradually bringing them into better relationship with costs. This should result in a better ratio between Net Sales Volume and Overall Operating Profits for 1947 than resulted from the operations of the previous year.

Respectfully submitted,

E. J. BARTLETT,

President.

THE BAKER-RAULANG COMPANY, CLEVELAND, OHIO

December 31, 1946

Board of Directors,
The Baker-Raulang Company,
Cleveland, Ohio.

We have examined the balance sheet of The Baker-Raulang Company as of December 31, 1946, and the statements of profit and loss and surplus for the year then ended, have reviewed the system of internal control and the accounting procedures of the Company and, without making a detailed audit of the transactions, have examined or tested accounting records of the Company and other supporting evidence, by methods and to the extent we deemed appropriate. Our examination was made in accordance with generally accepted auditing standards applicable in the circumstances and included all procedures which we considered necessary.

Trade accounts receivable were tested by correspondence with selected debtors and we observed procedures followed by employees of the Company in ascertaining quantities of service parts, sub-assemblies and raw materials as of December 31, 1946. Inventories of orders in process represent accumulated costs less estimated amounts for deliveries to December 31, 1946, and are based on cost procedures which have been followed consistently for a number of years.

In our opinion, the accompanying balance sheet and related statements of profit and loss and surplus present fairly the position of The Baker-Raulang Company at December 31, 1946, and the results of its operations for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

ERNST & ERNST

Certified Public Accountants

Cleveland, Ohio
March 1, 1947

THE BAKER-RAULANG COMPANY

BALANCE SHEET

December 31, 1946

Assets

CURRENT ASSETS

Cash		\$	309,416.88
Trade accounts receivable	\$ 593,999.66		
Less reserve	4,500.00		589,499.66
Inventories—at lower of cost or replacement market:			
Finished products	\$ 23,867.58		
Service parts	371,124.56		
Orders in process	401,740.93		
Sub-assemblies	443,310.26		
Raw materials	143,546.13	\$1,383,589.46	
Less reserve	53,000.00		1,330,589.46
TOTAL CURRENT ASSETS...			\$2,229,506.00

OTHER ASSETS

Claim for refund of renegotiation payments....	\$ 9,569.68		
Note receivable	4,914.23		
Cash on deposit for purchase of preferred shares—Note A	39.00		
Mutual insurance deposits, sundry other deposits and receivables	12,142.45		26,665.36

PROPERTY, PLANT, AND EQUIPMENT—at cost

less reserves for depreciation and amortization			
Land	\$ 141,010.53		
Buildings, machinery, and equipment including emergency facilities of \$268,440.06	\$1,126,244.98		
Less reserves for depreciation and amortization (\$268,440.06)	729,203.33	397,041.65	538,052.18

PATENTS AND GOOD WILL..... 1.00

DEFERRED CHARGES

Small tools and factory supplies	\$ 26,575.07		
Prepaid insurance and taxes	5,238.63		31,813.70
			<u>\$2,826,038.24</u>

THE BAKER-RAULANG COMPANY

BALANCE SHEET

December 31, 1946

Liabilities, Capital Stock, and Surplus

CURRENT LIABILITIES

Accounts payable.....	\$ 139,103.77
Salaries, wages, and commissions.....	68,623.48
Pay roll taxes.....	13,238.62
Accrued real estate taxes.....	6,260.98
Federal taxes on income of the year ended December 31, 1946—estimated.....	215,000.00

TOTAL CURRENT LIABILITIES \$ 442,226.85

RESERVE FOR CONTINGENCIES—Note B..... 185,127.51

CAPITAL STOCK AND SURPLUS

Capital stock:

Preferred stock, \$5.00 cumulative if earned,
par value \$100.00 per share, redeem-
able at \$105.00 a share and accumu-
lated unpaid dividends—Note C:

Authorized 7,500 shares; issued

7,443 shares\$744,300.00

Less 1,009 shares retired..... 100,900.00 \$ 643,400.00

Common stock, par value \$1.00 per share:

Authorized 100,000 shares; issued (in-
cluding shares reserved for ex-
change) 78,243 shares.....

78,243.00

\$ 721,643.00

Surplus:

Capital surplus.....\$543,447.88

Earned surplus—since July 1, 1936..... 933,593.00 1,477,040.88 2,198,683.88

\$2,826,038.24

Reference is made to notes to financial statements.

THE BAKER-RAULANG COMPANY

Statement of Surplus

Year ended December 31, 1946

CAPITAL SURPLUS

Balance at January 1, 1946.....	\$542,061.38
Add excess of par value over cost of 235 shares of preferred stock purchased for retirement.....	1,386.50
BALANCE DECEMBER 31, 1946.....	<u>\$543,447.88</u>

EARNED SURPLUS (since July 1, 1936)

Balance at January 1, 1946.....	\$607,701.27
Add:	
Net profit for the year.....	\$347,375.20
Excess of provision for renegotiation refund for the year 1945 over cost thereof.....	27,242.63
	<u>374,617.83</u>
	\$982,319.10
Deduct dividends paid:	
On preferred stock—\$5.00 per share.....	\$ 33,077.50
On common stock—\$.20 per share.....	15,648.60
	<u>48,726.10</u>
BALANCE DECEMBER 31, 1946.....	<u>\$933,593.00</u>

Reference is made to notes to financial statements.

THE BAKER-RAULANG COMPANY

Profit and Loss Statement

Year ended December 31, 1946

	INDUSTRIAL TRUCK DIVISION	COMMERCIAL BODY DIVISION	COMBINED
Net sales	\$3,342,653.05	\$ 904,947.57	\$4,247,600.62
Cost of goods sold.....	2,147,370.22	749,985.04	2,897,355.26
	<u>GROSS PROFIT..</u>	<u>\$ 154,962.53</u>	<u>\$1,350,245.36</u>
Expenses:			
Sales engineering	\$ 556,973.49	\$ 14,005.06	\$ 570,978.55
Administrative and general.....	106,914.67	54,301.67	161,216.34
	<u>TOTAL EXPENSES..</u>	<u>\$ 68,306.73</u>	<u>\$ 732,194.89</u>
	<u>OPERATING PROFIT..</u>	<u>\$ 86,655.80</u>	<u>\$ 618,050.47</u>
Other income:			
Interest earned		\$ 7,824.21	
Commissions earned.....		5,588.96	
Profit on disposal of depreciable assets.....		2,549.34	
Net income from rented property.....		760.50	
Sundry income		4,868.86	21,591.87
			<u>\$ 639,642.34</u>
Other deductions:			
Provision for inventory reserve.....		\$ 53,000.00	
Interest expense on prior years federal taxes on income.....		24,267.14	77,267.14
			<u>\$ 562,375.20</u>
PROFIT BEFORE TAXES ON INCOME..			\$ 562,375.20
Taxes on income—estimated:			
Provision for the year.....			215,000.00
			<u>\$ 347,375.20</u>

Provision for depreciation of property, plant, and equipment included above \$42,837.27.

Reference is made to notes to financial statements.

THE BAKER-RAULANG COMPANY

Notes to Financial Statements

December 31, 1946

Note A—Whenever a cash dividend is paid on common shares there shall be set aside in a sinking fund for the purchase for retirement of preferred shares an amount equal to at least one-half but not in excess of the aggregate amount of such dividend. Deposits in the sinking fund for this purpose during the year 1946, aggregated \$7,922.10. During the year 102 shares of preferred stock were purchased for retirement at a cost of \$9,961.00 from this fund, and an additional 133 shares of preferred stock at a cost of \$12,152.50 were purchased for retirement from another fund (balance of \$534.00 in fund) established by the Board of Directors during the year 1943, and \$11,618.50 from the general funds of the Company, as authorized by the Board of Directors in 1945.

Note B—During the year the reserve for contingencies, which was provided out of earnings of the years 1942 through 1945, was reduced by the amount of \$144,872.49, representing the excess (\$189,654.73) of additional federal taxes on income of the years 1942, 1943, and 1944 over the credit (\$44,782.24) resulting from capitalizing certain items which had previously been charged to expense during these same years.

Note C—Dividends on preferred stock, to the extent earned but not in excess of \$5.00 a share per year, shall be cumulative when not paid on or before October 1st of the year following that in which earned. The first dividend of \$1.25 per share paid on preferred stock during the year 1946, completed payments aggregating \$5.00 a share applicable to the year 1945 and three other dividend payments on preferred stock aggregating \$3.75 per share applicable to the year 1946, were paid during the year.

Note D—Renegotiation proceedings for the years 1945 and prior have been concluded.



**HANDLING
180 TONS PER DAY
A BAKER TRUCK CAN
SAVE \$59.51**

● Handling conditions vary for each particular plant. Your own problem should be presented to an experienced material handling engineer. However, the following example outlines a simple method for determining the savings possible with an electric industrial truck. Let us assume a hypothetical plant with the simple problem of transporting daily 180 tons of material 200 feet from stockrooms to processing machines. Without power trucks this would require 10 truckers, each making 10 round trips per hour, or 80 trips per day, carrying 450 lbs. of material per load.

TABLE I—Handling Costs Without Electric Truck

Based on 180 tons per day	Cost per day	Cost per ton
Labor (85¢ per hour)	\$68.00	\$0.378
Social Security Taxes	2.72	0.015
Workmen's Compensation	1.00	0.006
Hand Truck Depreciation	0.30	0.002
Total	\$72.02	\$0.401

In order to mechanize handling operations, the following equipment would be required:

TABLE II—Cost of Equipment for Mechanizing

Fork Lift Truck 2000-lb. capacity	\$4,100.00
Battery	600.00
Charging Equipment	840.00
200 pallets	700.00
Total	\$6,240.00

The truck, handling one-ton pallet loads of material, making 24 round trips per hour, could transport the 180 tons in 7½ hours.

TABLE III—Annual Expense—Truck Operation

Depreciation—Truck at 10%	\$410.00
Battery at 20%	120.00
Charging equipment at 6⅔%	56.00
Pallets at 20%	140.00
Tires	100.00
Repair and Maintenance—Truck	164.00
Battery	24.00
Charging Equipment	33.60
Replacement of damaged pallets	70.00
Electricity	82.00
Insurance	10.00
Total annual expense	\$1,209.60
Expense per day	4.03

TABLE IV—Handling Costs—With Electric Truck

Based on 180 tons per day	Cost per day	Cost per ton
Labor (Driver—\$1 per hour)	\$8.00	\$0.044
Social Security Taxes	0.32	0.002
Workmen's Compensation	0.16	0.001
Truck Expense	4.03	0.022
Total	\$12.51	\$0.069

TABLE V—Savings With Electric Truck

Savings Per Ton	\$ 0.332
Savings Per Day (Handling 180 tons)	59.51
Savings Per Year (300 days)	17,853.00
Per cent Reduction in handling costs	83%
Annual earnings on investment	286%

While this example is obviously oversimplified, Baker Material Handling Engineers are prepared to show you how similar savings can be made on handling operations in your plant.

COST OF MATERIAL HANDLING

Per ton—based on 180 tons per day

EQUIPMENT
0.2¢

In addition to these savings, Baker Trucks reduce warehouse rental charges by tiering, contribute to plant safety, speed production and material movement, and perform many other operations that reduce plant overhead.



WITHOUT TRUCK



TRUCK
COSTS
2.2¢



LABOR
COSTS
4.7¢

WITH BAKER TRUCK

BAKER INDUSTRIAL TRUCK DIVISION
of The Baker-Raulang Company
2178 WEST 25TH STREET • CLEVELAND, OHIO
In Canada: Railway and Power Engineering Corporation, Ltd.

Baker INDUSTRIAL TRUCKS

Factory Management & Maintenance
Iron & Steel Engineer
Modern Materials Handling
Railway Purchases & Stores

This advertisement appeared in
Business Week
Distribution Age
Chemical Industries
Food Industries

Iron Age
Steel
Flow
Railway Age

Ind. Equipment News
New Equipment Digest
Food Preview
Chemical Preview



BAKER INDUSTRIAL TRUCK DIVISION *of The Baker-Raulang Co.*

2152 West 25th Street, Cleveland, Ohio

Telephone: PROspect 2187

Offices in Principal Cities

POWER INDUSTRIAL TRUCKS

FOR EVERY TYPE OF INDUSTRIAL TRUCK HANDLING SYSTEM

Electric, gas-electric or straight gas-powered, including many models for special handling operations in addition to the six standard types illustrated.

BAKER LOW-LIFT TRUCKS

For picking up and transporting skids and tote boxes. Capacities 3,000 to 20,000 lbs. Specially designed for maneuverability and short turning radius.

BAKER HIGH-LIFT TRUCKS

For picking up, transporting and tiering skids or tote boxes. Capacities 3,000 to 50,000 lbs. Lifting heights as required—simple or telescoping. Available with or without die-pulling winch.

BAKER FORK AND RAM TRUCKS

For picking up, transporting and tiering loaded pallets or material that can be handled directly on forks. Available with ram replacing forks for handling steel or other material in coils. Capacities 2,000 to 20,000 lbs. Lifting heights as required—simple or telescoping. Tilting and non-tilting models.

BAKER PLATFORM TRUCKS

For transporting heavy loads of miscellaneous material. Must be loaded by hand or crane. End or front control models are available in 4,000 to 20,000 lb. capacities.

BAKER CRANE TRUCKS

For supplementing overhead cranes. Can be used wherever heavy units must be lifted, carried or spotted in position. Capacities 3,000 to 10,000 lbs. with simple or telescoping booms up to 19 ft.

BAKER TRACTORS

For pulling single or multi-trailer trains. Three and four-wheel models available. Drawbar pull from 350 to 6,000 lbs. Four-wheel models can be had with single motor, two or four-wheel drive, or—for greatest tractive effort—two motor, four-wheel drive.

SPECIAL TRUCKS

Modifications of standard trucks for special requirements or totally different models for unusual applications are also available. Let us know your problem.



LOW-LIFT



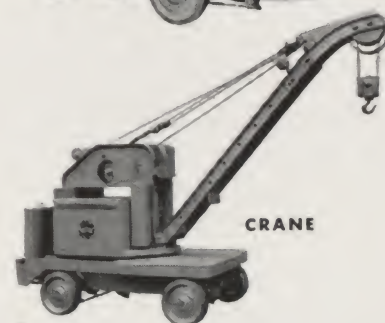
HY-LIFT



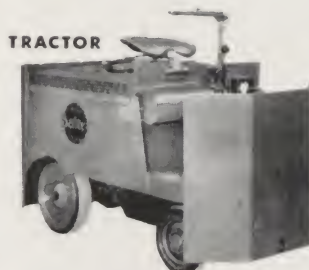
FORK



PLATFORM



CRANE



TRACTOR

WRITE FOR BAKER CATALOG NO. 52

Designed to give the answers to your material handling problems, this handbook of information will help you select the proper equipment for any set of requirements. Many actual case histories are listed and you can profit from the experience of others now saving time and money with Baker Trucks.



Trade mark Registered U. S. Pat. Off.
Baker

INDUSTRIAL TRUCKS

Thomas Register
MacRaes Blue Book

This advertisement appeared in
Plant Purchasing Directory
Hitchcock's Export Sales Catalogs



THE BAKER-RAULANG COMPANY

BALANCE SHEET

DECEMBER 31, 1946

CLEVELAND PUBLIC LIBRARY
BUSINESS INFORMATION BUREAU
CORPORATION FILE

ASSETS

CURRENT ASSETS:

Cash	\$ 309,416.88	
Trade Accounts Receivable	589,499.66	
Inventories-At lower of cost or Replacement market.	<u>1,330,589.46</u>	
Total Current Assets		\$2,229,506.00

OTHER ASSETS		26,665.36
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PROPERTY, PLANT and EQUIPMENT at cost less reserves for Depreciation and Amortization		538,052.18
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PATENTS and GOODWILL		1.00
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DEFERRED CHARGES		<u>31,813.70</u>
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\$2,826,038.24

LIABILITIES

CURRENT LIABILITIES:

Accounts Payable	\$ 139,103.77	
Salaries, Wages and Commissions	68,623.48	
Payroll Taxes	13,238.62	
Other Taxes	<u>221,260.98</u>	
Total Current Liabilities		\$ 442,226.85

RESERVE FOR CONTINGENCIES		185,127.51
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CAPITAL STOCK AND SURPLUS:

Preferred Stock	\$ 643,400.00	
Common Stock	78,243.00	
Capital Surplus	543,447.88	
Earned Surplus	<u>933,593.00</u>	
Total Capital and Surplus		<u>2,198,683.88</u>

\$2,826,038.24


Secretary and Treasurer

Where the
BAKER-RAULANG
plant is located

BY AUTO: From Cleveland's Public Square drive west on Superior Avenue over the Detroit-Superior High Level Bridge. The continuation of this road, west of the bridge, is Detroit Avenue. Continue west on Detroit to the intersection of Lake Avenue and Detroit, which is at West 75th Street. Follow Lake Avenue to West 80th and turn right on 80th. The Baker plant is at the foot of this street, just one block from Lake Avenue.

BY BUS: Take the Clifton-West 117th trackless trolley coach (27) on the northwest corner of the Public Square. Get off at Lake Avenue and West 79th. Walk one block west to 80th Street and one block north on 80th to the Baker plant.



- | | | | |
|---|--|----|------------------------------------|
| 1 | Public Square; Terminal Tower; Cleveland Hotel | 8 | Main Avenue Bridge |
| 2 | Hotel Statler | 9 | Detroit-Superior High Level Bridge |
| 3 | Hotel Hollenden | 10 | Lorain-Carnegie Bridge |
| 4 | Hotel Carter | 11 | Baker-Raulang Plant |
| 5 | Public Auditorium | 12 | Howard Johnson's Restaurant |
| 6 | Cleveland Municipal Stadium | 13 | Clark's Yorktown Restaurant |
| 7 | Pennsylvania Station | 14 | Lake Shore Hotel |

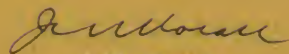
We are presenting you with this booklet to help you become better acquainted with the Baker-Raulang Company.

We hope the following pages serve as an informal introduction to our company's products, policies and manufacturing methods.

If you are in the plant when you receive this booklet, we hope you have time to take a quick look at our production facilities. If you are not, the illustrations will familiarize you with our organization, its history—and the men and machines at Baker making our success possible.

Whether you are one of our customers or one of our suppliers—or are visiting us for any other reason—we can assure you of courteous, friendly cooperation from every Baker employee with whom you deal.

THE BAKER-RAULANG COMPANY



J. W. Moran
President



Welcome TO
BAKER-RAULANG



